

FY 2013-2014 County Manager's Budget Message

June 3, 2013

To: The Camden County Board of Commissioners
Garry Meiggs, Chair
Mike McLain, Vice Chair
Sandy Duckwall, Commissioner
Randy Krainiak, Commissioner
Clayton Riggs, Commissioner

In accordance with General Statute 159-11, I hereby submit to you for your consideration the proposed FY 2013-2014 budget for Camden County. A copy of the recommended budget has been filed with the Clerk to the Board and is available for public review and comment. One of the critical purposes of this document is to encourage open dialogue, questions, and public deliberation as it relates to how best citizen tax dollars can be used to serve the community. This is especially true this year due to the impacts of the lingering recession and slow economic recovery in North Carolina.

The FY 2013-2014 budget was prepared in accordance with the North Carolina Local Government and Budget Fiscal Control Act. In addition, while developing the budget the following priorities were taken into consideration:

- Maintain the existing Ad Valorem tax rate.
- Develop and adequately fund the new Camden County Public Library.
- Reduce departmental operating expenses wherever possible.
- Maintain a healthy reserve fund balance in accordance with the financial policies outlined in Resolution 2007-05-04.
- Continue to provide outstanding government services at adequate levels.

Fiscal Year 2013-2014 will again be a challenging year for the County due to the extended slow economic recovery the country finds itself in. Data collected by the North Carolina Association of County Commissioners projects continued slow statewide growth in the range of 2-3 percent in FY 2013-2014, which will be highly dependent upon our local economic climate, housing starts, and state tax reform efforts. Due to prudent financial management policies adhered to by the Board of Commissioners over the past several years the County is well positioned to weather these difficult times without adverse impact on service delivery or endangering the healthy financial condition and future of the County. During the months leading up to the budget process the uncertainty of various state funding streams for a variety of local services remains a concern

for all local governments.

The proposed budget reflects the continued fiscally conservative process of realistically forecasting future revenues and maintaining expenditures at a modest level to ensure the delivery of quality service to our customers. At the department level, identification of innovative practices and the greater use of technology solutions were encouraged as a way to reduce operating expenses and improve customer service. This method of financial management has strengthened the County and led to the creation of a healthy fund balance to safeguard the operational responsibilities in the event of worsening economic trends, natural disaster, or other emergency situations.

The Board of Commissioners remains resolute in their commitment to resist the OLF facility and supports the utilization of some of the County reserves to cover the legal and other related costs of these efforts. These are the times when local government must use a portion of their financial resources to make it through challenging economic times. This is exactly the purpose of building and maintaining these reserve funds.

General Fund Expenditures

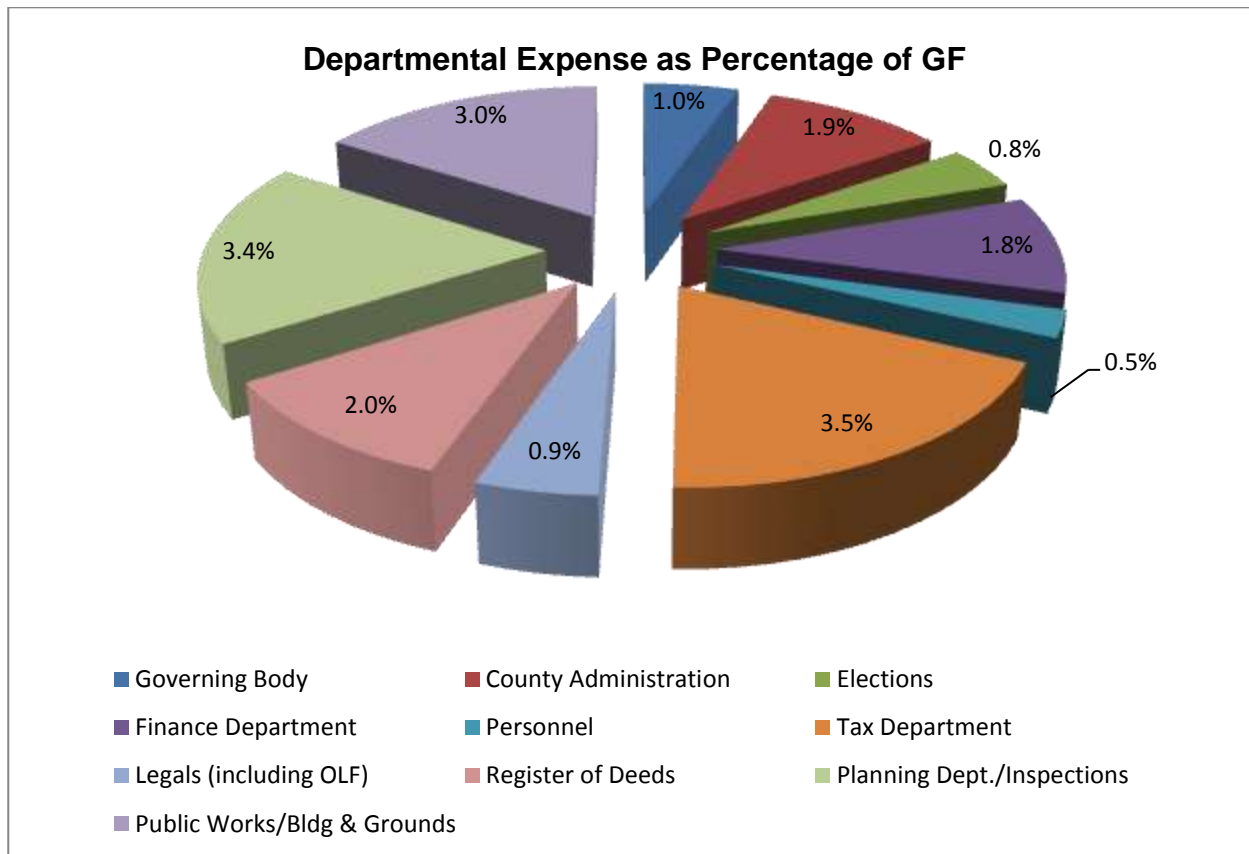
Below is a list of some of the major Departmental and Special Appropriation expenditures being proposed for FY 2013-2014. Also included is a chart illustrating these expenses as a percentage of overall General Fund expenditures.

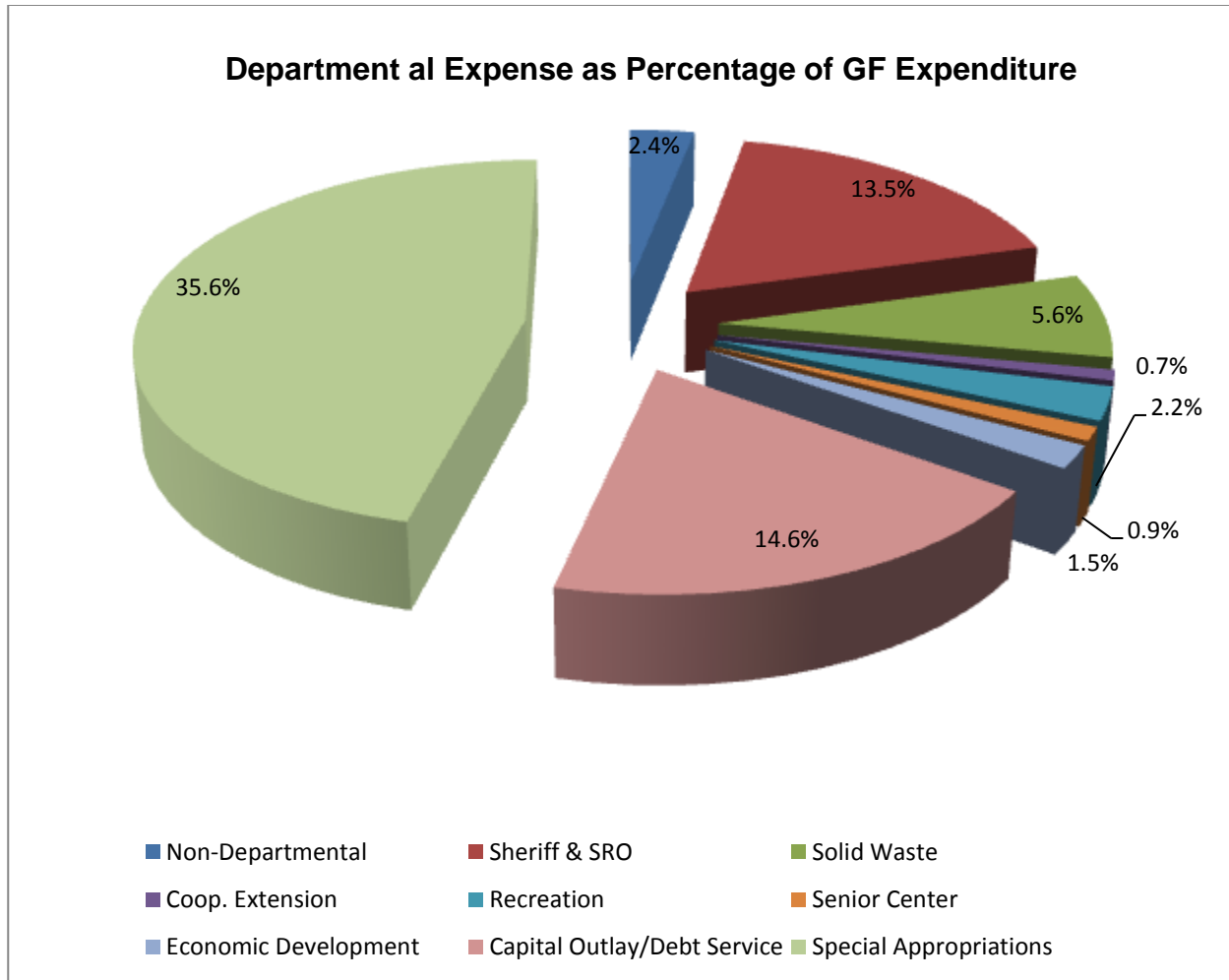
Governing Body	\$113,294
County Administration	\$226,180
Elections	\$92,313
Finance Department	\$205,193
Personnel	\$60,837
Tax Department	\$410,211
Legal (including OLF)	\$105,000
Register of Deeds	\$233,041
Planning Department/Inspections	\$398,622
Public Works/Building & Grounds	\$355,361
Sheriff & SRO	\$1,574,484
Extension	\$84,272
Recreation	\$252,373
Senior Center	\$122,653
Solid Waste	\$650,510
Non-Departmental	\$282,250
Economic Development	\$158,070
Capital Outlay/Debt Service	\$1,701,969
Library	\$186,585
JCPC	\$67,080
Soil & Water Conservation	\$63,736

Special Appropriations

In the FY2013-2014 budget, Special Appropriations expenditures total \$4,180,954 or 35.7% of total General Fund expenses. The list below highlights some of the major Special Appropriations expenses.

School Current Expense	\$1,703,000
School Capital Outlay	\$180,000
Pasquotank/Camden EMS	\$98,000
Central Communications/Emergency Mgmt.	\$217,158
College of the Albemarle	\$40,000
Albemarle District Jail	\$405,920
Department of Social Services	\$400,000
CH & S Fire Commission	\$284,432
South Mills Fire Commission	\$171,796
School Capital Reserve Fund	\$420,793





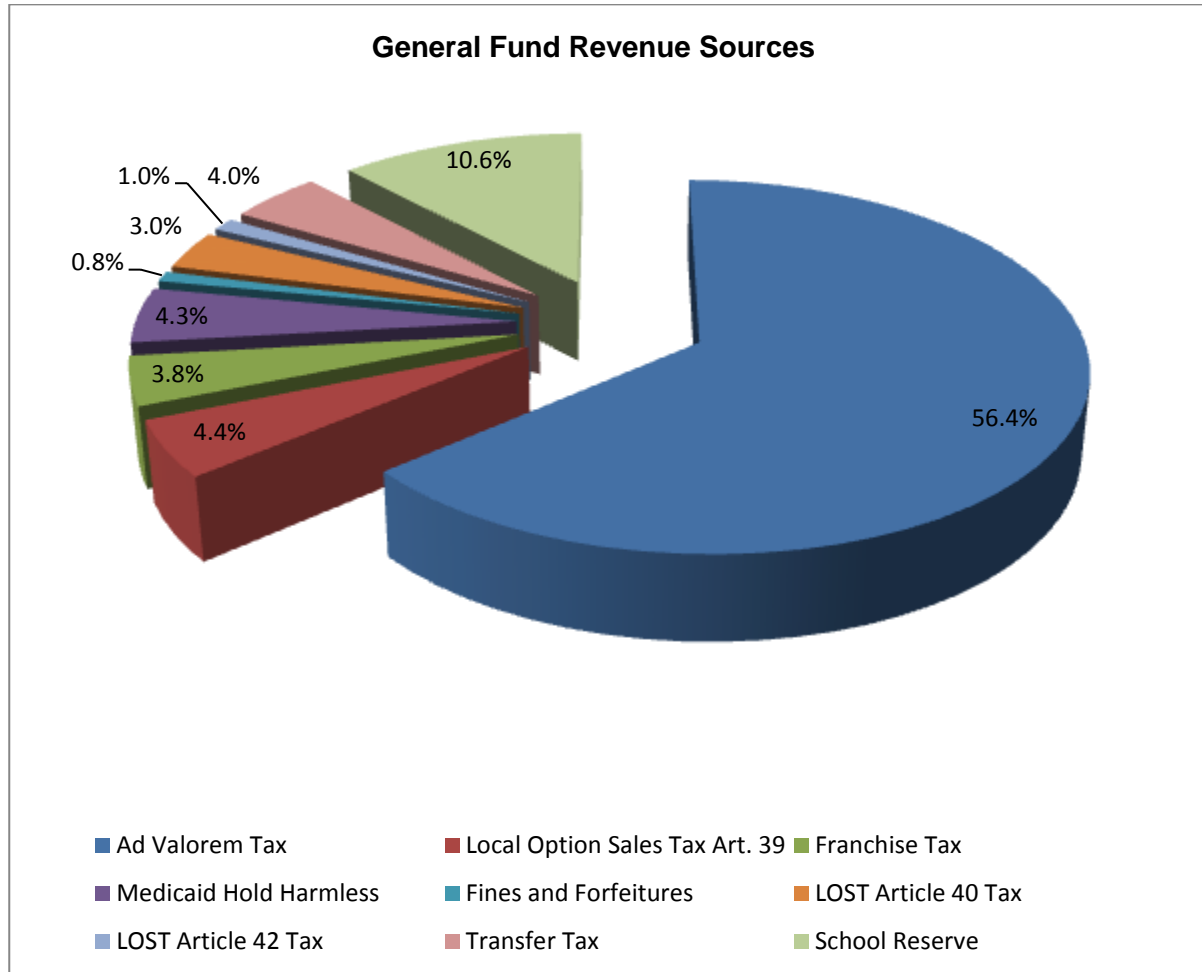
Compared to the current year adopted budget of \$11,343,126, the proposed budget is \$11,708,988 or a 3% increase. The increase is due primarily to fully funding the Camden County School System's Current Expense request. In order to meet this request in FY13/14, the proposed budget appropriates an additional \$300,000 from the General Fund. In FY12/13, this \$300,000 was appropriated from Fund 50 (NSF/Penalties) School Fund.

General Fund Revenues

Below is a listing of the major General Fund revenue sources, as well as a chart illustrating the individual revenue source as a percentage of overall General Fund revenue.

Ad Valorem Tax	\$6,594,664
Local Option Sales Tax (Art. 39)	\$510,000

Franchise Tax	\$445,000
Medicaid Hold Harmless	\$500,000
Fines and Forfeitures	\$90,000
LOST Article 40 Tax	\$350,000
LOST Article 42 Tax	\$120,000
Special Revenue Fund (Tax Transfer In)	\$461,122
From School Reserve Fund	\$1,240,847



Planning for Camden's Future

The year-long Comprehensive Planning process was completed in FY 2012-2013. Working with our consulting group Clarion Associates, this year-long exercise successfully engaged Camden residents and business owners in the development of a long range plan which will serve as a guide for smart, controlled growth and development throughout the County for the next two decades.

There are many positive developments taking place now in the County and it is important to continue the momentum we have achieved through fiscally conservative budgeting and proper long range planning for our future needs. Camden has been the beneficiary of nearly \$5 million in outside grant funding from the Golden Leaf Foundation, the Clean Water Management Trust Fund, the NC Rural Center, the NC Department of Commerce, and the NC DOT during the past four years. All of these grant funds have cost the County less than \$300,000 in matching requirements.

Following the installation of water and sewer improvements at the Camden Eco-Industrial Park in 2011-2012, construction of the main entrance boulevard and first phase interior roads of the Park began in October 2012 and will be completed in June 2013. This phase of development in the Park is critical as the County continues to aggressively market the many economic opportunities and advantages to locating new business interests in Camden. The success of the Eco-Industrial Park will result in the generation of new tax revenues, lessening the County's reliance upon residential property taxes and creating new employment opportunities for our citizens.

Major Concerns

Major factors that must be kept in the forefront of the County's financial thinking during the next two years are the following:

In light of the current anemic economic recovery, the County must continue to explore ways to diversify its revenue streams through the attraction of commercial investment. For many years, the County has relied heavily upon residential property taxes as a means of meeting its operating expenses, and there is real concern that a decline in valuation will have a significant negative impact on revenues.

The County needs to remain focused on the area of economic development as this is the key to increasing revenues, expanding and diversifying the tax base, and making the wastewater system financially self-supporting. Very significant progress has been made on the development of the Camden Eco-Industrial Park and infrastructure along US17 North. This same focus is needed on the US158 corridor and the planned expansion of the water and wastewater system there.

In this climate of declining state revenues for schools, attention must be given to the needs of the local system and how best to maintain the many accomplishments of recent years. The Board

must always be cognizant of the situation with the low-wealth funding as well as the capital needs of the system.

Attention must remain focused on the continued decline of revenue generation from the land transfer tax which is the major funding mechanism for the County Capital Reserve Fund. Without a steady flow of revenue the County will not be able to take on new CIP projects or adequately fund the debt service obligations for already completed projects.

Funds

General Fund

The 2013-2014 Fiscal Year Budget is presented with a recommendation of keeping the Ad Valorem tax rate at the current level of \$.59. With the \$.59 per \$100 valuation and a 96.79% collection rate on the real and personal property and 86.91% collection rate on vehicles, one cent of tax equals \$115,079.

This year's General Fund Budget is \$11,708,238 which represents a 3% increase from last year's budget.

South Camden Water & Sewer District

The Reverse Osmosis Water Treatment Plant has been operating since October of 2002 and effectively provides a valuable service the County. As you are aware the expansion of the plant is now completed. This expansion of the capacity, has built redundancy into the production system to ensure an adequate supply of water will be available in future years as the County continues to grow and attract new commercial development. This project is financed with a zero-interest loan from the State Revolving Loan Fund.

While the Wastewater System has been fully operational since January of 2008, modifications in the amount of approximately \$450,000 were required during FY 2011-2012 to ensure compliance with state guidelines. These modifications were necessary to correct design flaws within the plant.

Other infrastructure expansion projects will be contingent upon receiving grant funding applied for from the NC Rural Center and the Clean Water Management Trust Fund. In 2011 the County received a Rural Center Grant of \$649,875 to be used for providing additional wastewater service for the South Mills Village Area and the Dismal Swamp Canal Welcome Center. Additionally the County has received \$864,100 from the Clean Water Management Trust Fund. Project construction for the South Mills Wastewater Collection System began in February 2013 and is scheduled for completion in November 2013.

Courthouse/Shiloh Fire Commission

The fire tax is recommended to remain at a contribution equal to \$.05 per \$100 valuation this year. This amount includes a \$0.01 fire tax plus an additional contribution equivalent to \$0.04. The new facility located in Shiloh was completed in late June of 2012.

South Mills Fire Commission

The fire tax is recommended to remain at a contribution equal to \$.05 per \$100 valuation this year. This amount includes a \$0.01 fire tax plus an additional contribution equivalent to \$0.04. The Commission is pleased with the new Fire Station on Keeter Barn Road that was completed in 2011. Funds are budgeted in FY 13/14 for the purchase of a used pumper truck and required equipment in order to activate the fire station on McBride Street in South Mills.

Department of Social Services

The county contribution for FY 13/14 has decreased by \$97,259 through the use of department fund balance.

Joyce Creek Drainage District

A \$0.02 per \$100 valuation tax rate is recommended for the district again this year. Expenses include ditch maintenance as well as some reserve for natural disaster/storm cleanup.

Community Park Trust Fund

Modest amounts are budgeted to maintain the Senior Trail, the Dismal Swamp Trail, and the Shiloh Boat Landing.

Revaluation Reserve Fund

No contribution to this fund was required for FY13/14 due to adequate fund reserves from previous contributions. The next revaluation is currently underway and scheduled to be completed in 2014.

County Capital Reserve Fund

The funding for this fund comes from the \$0.01 land transfer tax which is levied on all land sales. With the slowed economy projected revenues for FY 2013-2014 are only \$175,000. Debt service payments in the amount of \$461,122 are for the courthouse renovations, the Noblitt and Morrisette properties, and the Albemarle District Jail.

School Capital Reserve Fund

With changes being made at the state level in the sales tax portion used to support this fund, the County must be concerned about maintaining adequate funds in the future to cover all of the existing debt service on completed school projects. In FY 13/14, the County General Fund is contributing \$420,793 in order to fund debt service payments for prior school construction projects. On a positive note, this is the last year of scheduled debt service payment of \$544,605 for the QZAB I school construction loan.

FY 2012-2013 Budget Summary

The recommended FY 2013-2014 budget will meet the County's needs in a responsible manner while navigating the current sluggish economic waters. This budget allows the County to move forward with the funding of departmental priorities, modest capital needs, dealing with the threat of the OLF, payment of annual debt service, the provision of quality healthcare benefits for the County staff, the development of the Eco-Industrial Park and the County's overall economic development efforts.

In the midst of a slowly recovering economy, the County must not shy away from realistic and viable opportunities which will assist in the generation of new tax base growth, increased revenues and the creation of quality jobs for our residents. It has been my goal to develop a sound budget focused on providing high-quality service that our customers deserve while at the same time adhering to prudent fiscal management.

This budget appropriates \$176,937 of reserve funds to balance revenues with expenditures. With this modest amount of fund balance being appropriated, it would be extremely unlikely for these funds to be used by the end of the fiscal year. This is the same practice as used in recent years and only twice in the past fourteen years has a portion of the fund balance appropriated actually been used.

I wish to thank all of the department heads for their support and cooperation in helping to complete this budget process and applaud their hard work to make Camden County an organization that provides high quality services in a professional environment. Special thanks go to the Finance Department staff for lending their expertise and assistance in the development of this budget.

Respectfully submitted,

Michael R. Renshaw
Budget Officer/County Manager